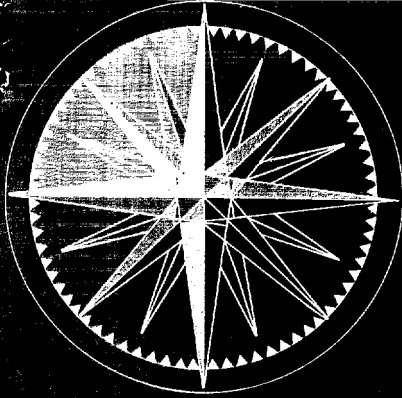


SECRET

Approved For Release 2008/08/11 : CIA-RDP79-00927A004500120001-1



25X1

14 August 1964

OCI No. 0344/64

Copy No. 48

WEEKLY SUMMARY

State Dept. review
completed

DIA review
completed.

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

25X1

SECRET

GROUP 1 Excluded from automatic
downgrading and declassification

Approved For Release 2008/08/11 : CIA-RDP79-00927A004500120001-1

Page Denied

SECRET

C O N T E N T S

(Information as of 1200 EDT, 13 August 1964)

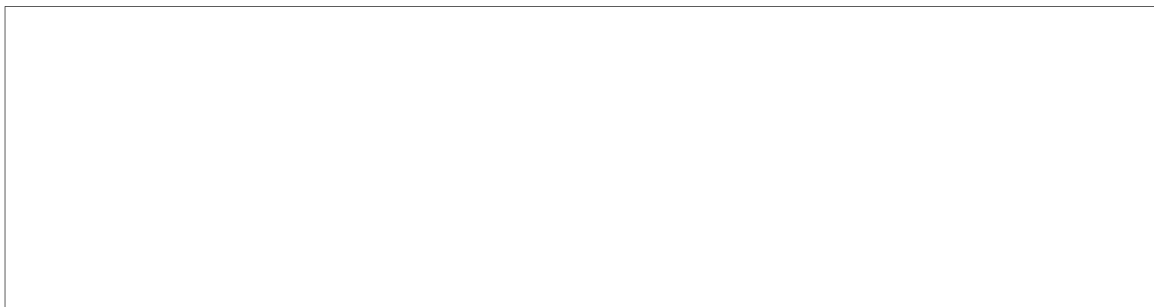
<u>THE COMMUNIST WORLD</u>	<u>Page</u>
THE TONKIN GULF CRISIS Although the Chinese have made it clear they intend to participate more actively in future defense of the Hanoi regime, there is no evidence that they or the North Vietnamese are planning specific retaliatory action against the US.	1
USSR SCHEDULES PREPARATIONS FOR WORLD COMMUNIST MEETING Over Peiping's violent objections, the USSR has asked the 25 parties that helped it prepare the 1960 Moscow conference to meet on 15 December to arrange a world Communist conference in mid-1965.	3
SOVIET NUCLEAR DESALINATION The USSR plans to have a large sodium-cooled fast nuclear reactor in operation by 1967-68 for the desalination of Caspian Sea water and the production of electricity, and may hope for US technical information for the project.	4
<div></div>	
USSR RE-ESTABLISHES MARINE CORPS The USSR apparently hopes to improve on its presently very limited amphibious landing capabilities.	6 25X1
<div></div>	
EUROPEAN SATELLITE INDUSTRY IN FIRST HALF OF 1964 All the satellites had higher rates of industrial growth than in the first half of 1963, but in the northern three this was due mainly to the return of normal weather and not to any improvement in performance.	8 25X1

SECRET

SECRET

<u>ASIA-AFRICA</u>	<u>Page</u>
KHANH DECLARES STATE OF EMERGENCY IN SOUTH VIETNAM He has taken advantage of the US involvement with North Vietnam to tighten government controls, and may soon shake up top personnel. The rate of Viet Cong activity continues to decline.	9
CAMBODIA SEEKS CHINESE COMMUNIST GUARANTEES Prince Sihanouk seems more than ever convinced that US and British objections to a new Geneva conference, combined with the "inevitability" of a Viet Cong victory in South Vietnam, compel him to look to Peiping for protection.	10
INDIAN GOVERNMENT'S DIFFICULTIES MOUNTING Prime Minister Shastri's team has yet to demonstrate in day-to-day affairs the smoothness and sureness of touch that characterized the transfer of power after Nehru's death.	11
CEYLON DRIFTS FURTHER TO THE LEFT The budget presented by Prime Minister Bandaranaike's new Marxist finance minister calls for a considerable expansion of government controls.	12
CONGO REBELS CONTINUE TO MUSHROOM The progressive deterioration of the government's position in eastern Congo is generating defeatism in Leopoldville, but more foreign assistance appears to be forthcoming.	13
THE CYPRUS SITUATION The uneasy cease-fire is holding for the moment, but each side is improving its positions and Turkey remains in a high state of readiness for intervention.	14

EUROPE



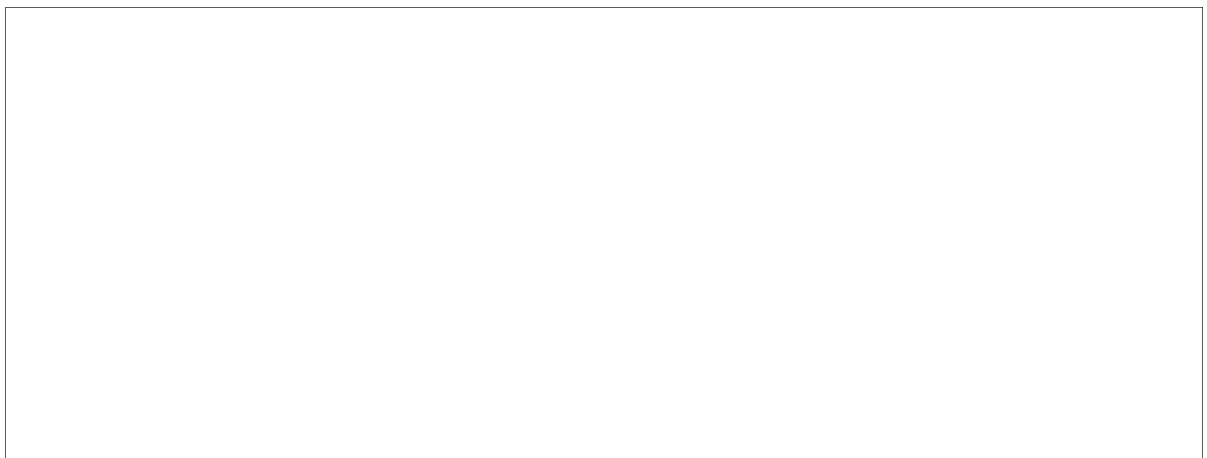
25X1

SECRET

SECRET

<u>EUROPE (continued)</u>	<u>Page</u>
BRITISH TRADE WITH THE BLOC British firms, encouraged by London's willingness to guarantee long-term export credits to the bloc, are pushing their products throughout the Communist world.	15
CLANDESTINE EMIGRATION TROUBLES PORTUGUESE GOVERNMENT An estimated 200,000 Portuguese, attracted by higher wages abroad, have slipped illegally into France in the past two years.	16
AREA NOTE On Italy	16

WESTERN HEMISPHERE



25X1

PROSPECTS FOR NEW ANTI-JAGAN PARTY IN BRITISH GUIANA The party's leader, a former minister in Jagan's government, hopes to cut into the premier's following in the East Indian community. His success will depend in part on whether the lull in racial violence continues.	18
--	----

25X1



SLIGHT RELAXATION OF POLICE STATE CONTROLS IN PARAGUAY President Stroessner's regime may be moving tentatively toward some relaxation of its dictatorial controls, but it is not likely to alter the status quo in any fundamental way.	20
--	----

SECRET

SECRET

The Communist World

THE TONKIN GULF CRISIS

The Chinese Communists and North Vietnamese were surprised by the vigor of the US response to their actions in the Tonkin Gulf and probably have been dismayed by the strength of the counterblow--even more by the massive build-up of US military strength which followed and continues. Although the Chinese have made it clear they intend to participate more actively in future defense of the Hanoi regime, there is no evidence they or the North Vietnamese are planning any specific retaliatory action against the US.

The initial Communist response has been to adopt an essentially defensive posture. Military and political moves by Peiping and Hanoi during the past week appear designed to repair the damage suffered by North Vietnam, deter the US from any further action, and increase their capability for counter-measures should these become necessary. For the time being the Asian Communists are standing fast while they assess the situation and lay plans to cope with future developments.

Communist China, alone of bloc countries, has offered the Vietnamese "concrete" assistance against the US. Peiping's known aid, however, so far has been limited to the transfer of a regiment of 36 MIG-15/17 jet fighters to Phuc Yen airfield near Hanoi [redacted]

To protect these aircraft some 75 antiaircraft weapons of up to 85-mm. capacity have been emplaced at the field since [redacted] Although the jets have 25X1 not been detected in flight since their arrival, it is probable they will be used to defend against future hostile overflights of North Vietnam. The nationality of the pilots is as yet unknown.

Peiping's main effort has been in the political arena. Its propaganda has been aimed at keeping world attention focused on the situation in Southeast Asia with the hope of developing international pressure against further US moves.

It has attempted to construct a case proving that Communist actions in the Tonkin Gulf were nothing more than defensive moves against US "aggression," and has charged Washington with manufacturing pretexts to "enlarge the war" and with preparing new attacks.

The Chinese have sought to underscore the danger to world peace inherent in the situation by reiterating pledges of support to Hanoi should the US attack and by taking a more threatening public stance--without making any commitment to specific action.

25X1

SECRET

SECRET

The Communist World

To lend force to its warnings, Peiping has launched mass anti-US demonstrations in all major Chinese cities. These public circuses, designed as much for their impact outside China as for their domestic effect, have thus far involved more than 20 million people--an impressive number but far less than the 302 million allegedly involved in such rallies during the three-month Taiwan Strait crisis in 1958.

The Chinese will probably try to use Indonesian Independence Day celebrations on 17 August as a forum for their political campaign and are expected to make a major effort to enlist public support for North Vietnam from Asian neutrals.

Indonesia has just announced that it is raising its consulate general in Hanoi to embassy level, and the Communists may persuade Sukarno to come out

strongly on the side of North Vietnam.

China's political campaign against the US has been undercut by Moscow's failure thus far to provide greater support. There are no indications of Soviet military movements in response to the US strike, and Moscow's propaganda, while critical of Washington, has refrained from promising retaliation, or even increased military support for North Vietnam. In both propaganda and statements to US officials, Moscow has demonstrated frustration at being involved in a situation over which it has little influence and a desire to appear responsive to Hanoi's pleas without worsening relations with the US. The USSR's strongest criticism of the US--Khrushchev's 8 August condemnation of US actions--came after the crisis had apparently subsided and was largely intended to counter Peiping's implied charge of Soviet inaction during the crisis.

25X1

* * *

SECRET

SECRET

The Communist World

USSR SCHEDULES PREPARATIONS FOR WORLD COMMUNIST MEETING

A 10 August Pravda editorial revealed that Moscow has asked the 25 Communist parties that helped it prepare the 1960 Moscow conference to meet on 15 December to arrange a world Communist conference in mid-1965.

In a 28 July letter to the Soviet party, Peiping had flatly refused to attend any session that Moscow might "unilaterally" call to effect "an open split." The Soviet leaders, however, have stressed their "special responsibility" for convening international party meetings, and now seem intent on forcing a preparatory session this year despite Peiping's violent objections that even this meeting would be premature. Pravda pointed out that consultations have been going on since 1962, that the position of all Communist parties is "quite clear," that the USSR now has the support of the "absolute majority" of world parties, and that the refusal of any party to participate should not prevent the preparatory meeting.

Moscow does have the backing of a substantial majority of the 26-party committee, and Italian party chief Togliatti's current visit to Moscow suggests continued Soviet attempts to consolidate support. The Chinese in turn can be expected to try harder to persuade wavering parties to boycott the December gathering, pointing out that by attending they will actually be hastening a schism. Albania is reportedly the host for unofficial consultations among Chinese sympathizers from Communist parties of Western Europe, Latin America, and Australia which are said to have been under way

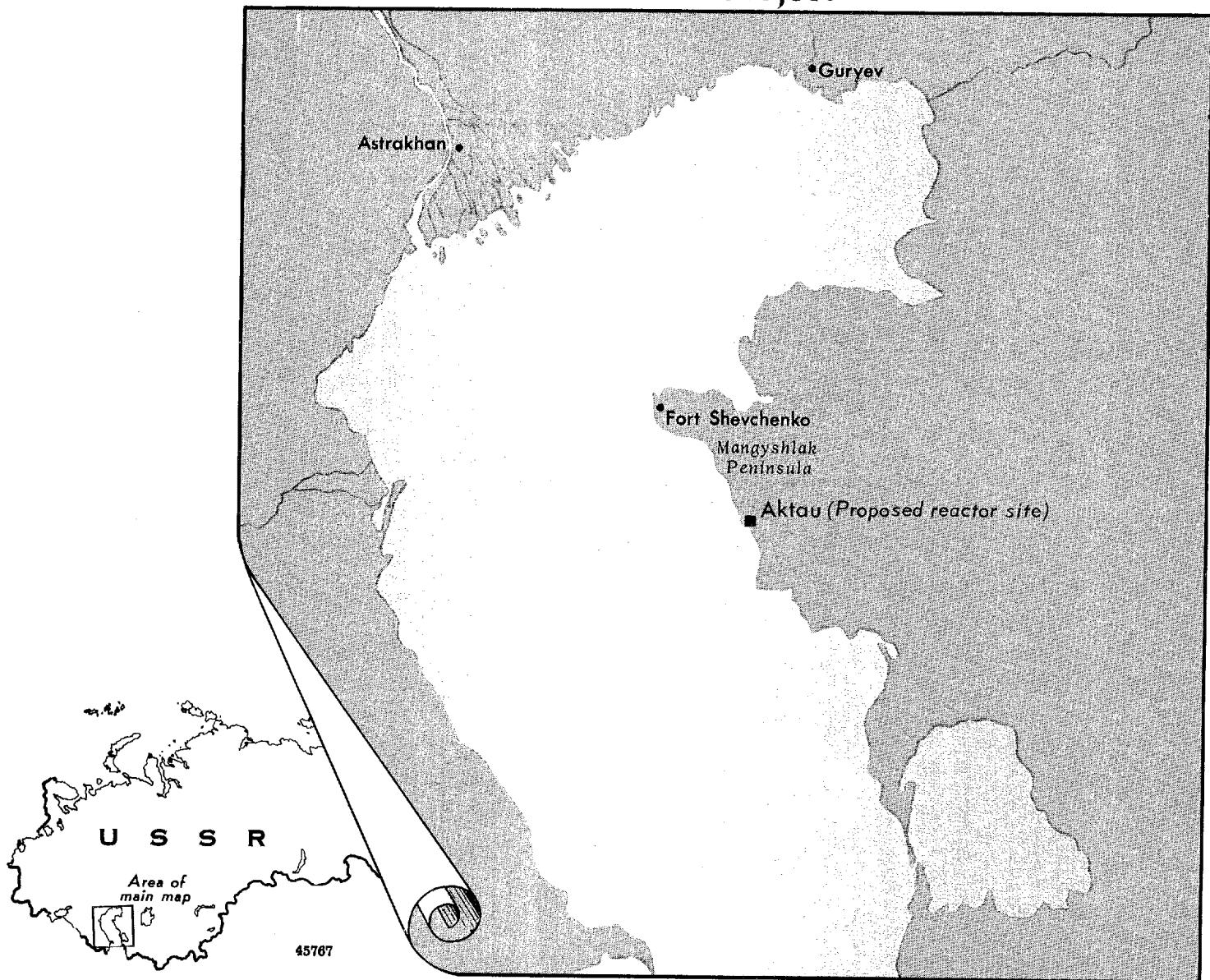
since 10 August. Similar consultations were held in Tirana last summer.

Peiping, meanwhile, is maintaining its anti-Soviet barrage. On 10 August the first volume of a Chinese collection of "Khru-shchev's statements" was put on sale throughout China to expose the "revisionist betrayal of Marxism-Leninism." Peiping has also attempted to exploit the Vietnamese crisis by contrasting its own support for Hanoi with Moscow's "passivity." A broadcast on 7 August chided Moscow for agreeing to Security Council discussion of the Gulf of Tonkin attacks and pointed out that the Soviet UN delegate had failed to refute "the lie fabricated by the US" about the 4 August incident. The Chinese also broadcast on 10 August lengthy excerpts from a left-wing Cambodian press article which accused Moscow of being "indifferent to the attacks against a member of the Socialist community."

Amid the acid polemics, the USSR took the unusual step of jamming Peiping's Russian-language broadcasts to Europe during the ten-day period when they were monopolized by the abusive 28 July letter to the Soviet party. Peiping periodically changed frequencies and nearly doubled its broadcasts in Russian in a vain effort to counter the jamming. When China ceased broadcasting the letter on 8 August, Soviet interference subsided considerably, and Peiping has since eliminated most of the extra broadcasts. 25X1

SECRET

Soviet Nuclear Desalination Project



SECRET

The Communist World

SOVIET NUCLEAR DESALINATION

The Soviet Union plans to have a large sodium-cooled fast nuclear reactor in operation for the desalination of Caspian Sea water and the production of electricity by 1967-68, and may hope to obtain US technical information to assist the project.

On 14 July 1964, Soviet nuclear energy and desalination experts attending the Desalination Conference in Washington described the plan to construct a large fast reactor on the Mangyshlak Peninsula at Aktau (see map).

Power and fresh water for this area are to be developed in three stages. The first stage calls for three distillation units with oil-fired burners. This set-up is expected to produce a total of 10 million gallons of fresh water per day by the end of 1966. One unit is in operation now.

The second stage is to be completed by mid-1967 when the Soviets hope to add two more conventional units, which together will double the water supply.

The fast nuclear reactor is scheduled to be operational by the end of 1967 or early 1968

--initiating the final stage. At this time the conventional boilers will be used as a reserve. This reactor will ultimately be rated at about 1,300 thermal and 400 electrical megawatts and will provide about 25 million gallons of fresh water daily (enough power for the Washington metropolitan area and enough water for an industrial area with a population of about 120,000). The Soviets have announced plans eventually to have a population of 200,000 on Mangyshlak Peninsula.

The Soviets have claimed that the large fast reactor is the most economical method of obtaining large amounts of water in this area. However, the USSR's past efforts to put power reactors into operation have encountered considerable delays, and its only known sodium-cooled fast reactor--in operation for six years--is rated at no higher than five thermal megawatts. The facts suggest therefore that the large reactor for Aktau cannot be operable even by 1970 without US assistance. This could explain Soviet participation in the desalination conference and recent Soviet efforts to expedite drafting of a collaborative desalination program which will include the exchange of technical information.

25X1

SECRET

Page Denied

RED STAR PHOTOS OF SOVIET MARINES

Right:
A marine lieutenant colonel and major
"survey the seized beachhead."

Below:
Soviet marines in amphibious landing
exercise. In foreground, a marine
lieutenant.



640812 2



SECRET

The Communist World

USSR RE-ESTABLISHES MARINE CORPS

Articles and photographs in the 24 July 1964 issue of Red Star show that the USSR has re-established its marine corps (called naval infantry by the Soviets) which was abolished in the mid-1950s.

In the spring of 1963 Defense Minister Malinovsky told

[redacted] that the USSR was going to organize a marine corps, starting with a single three-battalion brigade headed by an admiral. Marshal Malinovsky said that it would have a distinctive uniform; this is borne out by the Red Star photographs which show a new black uniform with a black beret and short boots.

Soviet amphibious landing exercises in recent years have been carried out by specially trained army units. The main reason for the re-establishment of the marine corps was apparently a feeling in the Soviet

high command that the USSR needs an elite organization of amphibious landing specialists who can set high standards of competence, improve training and operational techniques, and form the assault waves in operations against an enemy-occupied beach.

Current Soviet amphibious landing capabilities are very limited. The emphasis is on short leapfrog operations along a coastline in support of ground operations. Using all available naval landings ships and craft, the USSR can lift a maximum of one battalion in the Northern Fleet area, one battalion in the Pacific Fleet area, one regiment in the Black Sea, and two regiments in the Baltic in short-distance shore-to-shore operations. There does not appear to be any Soviet intention to develop a large-scale or long-distance amphibious landing capability.

25X1

25X1

SECRET

Page Denied

SECRET

The Communist World

EUROPEAN SATELLITE INDUSTRY IN FIRST HALF OF 1964

All the European satellites had higher rates of industrial growth in the first half of 1964 than in 1963, the poorest year of the postwar period.

In the northern satellites almost all this higher growth must be attributed to the return of normal weather after the unusually severe winter of 1962-63, which caused widespread economic disruption. Normal weather this past winter permitted substantial first quarter gains in East Germany, Poland, and Czechoslovakia in comparison with the same period of 1963.

Excluding the effect of the change in the weather, however, there has been little or no improvement in the industrial performance of the northern satellites. East Germany and Poland achieved only a slightly higher

growth in the second quarter of 1964 than in the second half of 1963, and may be unable to maintain even this rate through the rest of this year. In Czechoslovakia, where production actually declined last year, the rate of growth was only 3 percent in the second quarter.

The southern satellites, however, are clearly doing better than in 1963. Ever since the winter months industrial production has been increasing at a rate of close to 10 percent in Hungary and of more than 10 percent in Bulgaria. Rumania is improving on its excellent record of the past two years with rates of growth near 16 percent, as in 1960 and 1961.

Performance thus far in 1964 is consistent with the trends of recent years. Rumania and Bulgaria, the least advanced satellites, demonstrate a continued capability for rapid industrialization. Czechoslovakia and East Germany, the most advanced satellites, have to settle for greatly reduced rates of growth because they have exhausted their reserves and can no longer afford to raise production in industry at the expense of other parts of the economy. Poland and Hungary are in an intermediate position, and this year's high rates of growth in Hungary probably cannot be sustained for long because of an incipient shortage of labor.

25X1

	Bulgaria	Czechoslovakia	East Germany	Hungary	Poland	Rumania
1960	10.5	11.5	7.5	13.0	11.0	16.0
1961	11.2	9.0	4.0	10.5	10.0	15.5
1962	11.5	3.0	6.0	3.0	8.5	12.0
1963: Year	10.0	-0.5	4.5	4.5	5.5	12.5
1st Quarter	10.0	-2.5	0.5	3.5	3.0	2.0
2nd Quarter	9.5	-0.5	3.0	3.5	5.0	13.5
1st Half	10.0	-2.0	3.0	6.0	4.0	11.5
2nd Half	10.0	0.5	5.5	7.5	6.5	13.5
1964: 1st Quarter	15.0	6.5	3.0	12.0	10.5	16.0
2nd Quarter	11.0	3.0	6.0	9.0**	7.0	12.5**
1st Half	13.0	4.5	7.0	11.0***	9.0	14.0***

* From official series on gross industrial production, rounded to nearest 0.5 percent. Calculations using Western methods give somewhat smaller increases in most cases. Some of the percentages are derived indirectly.

** April - May.

*** January - May.

25X1

SECRET

14 Aug 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 8

SECRET

Asia-Africa

KHANH DECLARES STATE OF EMERGENCY IN SOUTH VIETNAM

General Khanh moved quickly following the US air strikes against North Vietnam to declare a state of emergency in South Vietnam. Two decrees promulgated on 7 August give the government almost unlimited power to curtail civil liberties, suppress strikes and demonstrations, censor domestic information media, and control food distribution and manpower resources. Violators of public order will be tried by military courts.

The generally favorable response of Saigon's more articulate elements to the US air strikes may also persuade Khanh that the time for a drastic reorganization of the government is at hand. He may next assume the position of chief of state and force out General Minh as well as the current deputy premiers. A personnel shake-up would also be intended to move a number of Dai Viet party members into less influential positions.

Members of the South Vietnamese armed forces were jubi-

lant over the air strikes as evidence that the US is directly engaged against North Vietnam. Some elements of Saigon's populace, however, appear apprehensive that the US action may result in a general war. There is also a danger that a widespread feeling of elation will be followed by a letdown when it is fully realized that the US action was a limited one.

The rate of Viet Cong activities has continued to decline for the third consecutive week. There was only one attack of company size during the past week. Viet Cong propaganda has hinted, however, that because of the attacks on the North, an increase in effort against the government is in the offing.

On 8 August a US Operations Mission member was captured by the Viet Cong in the central province of Phu Yen, the first US civilian official to be taken prisoner. The action may be the harbinger of a more determined effort to cripple the US aid program in the provinces. 25X1

* * *

SECRET

SECRET

Asia-Africa

CAMBODIA SEEKS CHINESE COMMUNIST GUARANTEES

Cambodian Prince Sihanouk is considering steps toward a closer accommodation with Communist China, although no new policy has yet been decided on. His preoccupation with getting guarantees of Cambodia's borders and neutrality has again been demonstrated in a series of speeches in the countryside over the past few weeks. He has dwelled at length on what he considers the increased threat posed by South Vietnam, Thailand, and their "imperialist master," and on the bleak outlook for getting his long-sought Geneva conference.

The Cambodian leader argues that, with the road to Geneva blocked by the "obstinate refusal" of the US and Great Britain to convene a new conference and with a Viet Cong victory in South Vietnam only a matter of time, he is forced to seek guarantees from Peiping and Hanoi. He says he will sound out the Chinese, the North Vietnamese, the Pathet Lao, and the South Vietnamese Communist National Liberation Front on their "intentions" when he is in Peiping in early October for the Chinese Communist National Day. He has also hinted that he will try to negotiate a mutual military assistance agreement with the Chinese.

Sihanouk fully realizes the dangers inherent in concluding any agreement with Peiping or Hanoi. He says that such an agreement would give Saigon and Bangkok the pretext they seek for attacking Cambodia, unless it were coupled with a strong guarantee of Chinese military support. So far the Chinese have been most cautious in responding to Sihanouk's overtures, and there is no indication that they would be willing to give him such a guarantee. Thus far, they have granted Sihanouk considerable propaganda backing but only modest amounts of arms in return for his support as a friendly "neutral" neighbor.

Pending his trip, Sihanouk has been content with a policy of watchful waiting, while seizing opportunities--such as the Gulf of Tonkin incidents--to express support for Peiping and Hanoi. However, he may view the strong anti-Cambodian statements recently made by South Vietnamese Premier Khanh and the arrests this week of Cambodian nationals in Thailand on espionage charges as evidence of a step-up in anti-Cambodian machinations. This 25X1 would only increase his sense of desperation and his desire for Chinese support.

SECRET

SECRET

Asia-Africa

INDIAN GOVERNMENT'S DIFFICULTIES MOUNTING

India's new government, handicapped by Prime Minister Shastri's illness, is heading into economic and political difficulties which will severely test its cohesion and its abilities. None of these difficulties is new; all confounded and frustrated even Nehru, although he was able to use his prestige to mute criticism or distract attention from many of them.

The principal problems are the food-price crisis, the declining effectiveness of the Congress Party as a working political machine, the recurrent symptoms of basic disunity in the country, and--with China relatively quiet along the northern border--the re-emergence of Pakistan as India's foreign policy preoccupation.

Next month should bring temporary relief in the food crisis, since harvests will then have begun. However, the inadequacies of planning and execution, which are largely responsible for the stagnation in rice and wheat production during the past three years, will still have to be overcome.

Rejuvenation of the Congress Party is a long way off, and the Shastri team's efforts to reduce the factionalism and corruption which saps party

strength and vitality at the state level are being diluted by red tape and confusion in New Delhi.

The Hindu-Muslim communal problem, which last winter led to widespread violence that had to be suppressed with force, is still seething just under the surface. Refugee traffic both ways across the Indian-Pakistani border has totaled over a million persons this year. Relations with Pakistan--which appeared promising in early May--have been plagued by a series of "acts of God" as first one, then another of the persons who were to carry on the diplomatic dialogue have fallen ill. Both sides have increasingly divergent views on the purposes of high-level meetings, which may be held in September.

The only new problem the Shastri government has had to face was the necessity for a reaction to the US air action against North Vietnam. Here it worked well, giving an impression of public restraint while it has been privately favorable. In the management of its day-to-day affairs, however, it has yet to demonstrate that it retains the smoothness and sureness of touch 25X1 that characterized its operations during the transfer of power after Nehru's death.

SECRET

SECRET

Asia-Africa

CEYLON DRIFTS FURTHER TO THE LEFT

The annual budget presented to Ceylon's parliament late last month indicates that the Bandaranaike government intends to muddle further leftward in search of a broader political base. Many of the proposals are clearly designed to win the support of lower class voters and may, in the short run, shore up the government's sagging popularity. Political expediency, however, appears to have ruled out the austerity measures that are urgently needed to check the steady deterioration of the island's economy.

The proposals bear the stamp of Mrs. Bandaranaike's new Marxist coalition partner, the Lanka Sama Samaja Party (LSSP). The LSSP's leader, the widely respected N. M. Perera, became finance minister last June. The budget calls for a considerable expansion of governmental controls over the economy and tighter restrictions on private businesses. An example is the proposed state-controlled export-import banking corporation, which will circumscribe the traditional role of foreign capital in Ceylonese trade.

These controls may help stanch the outflow of foreign exchange that has plagued Ceylon since 1956, but they will further worsen the climate for foreign investment and stifle the growth of domestic industry. The economic trend thus is likely to continue downward, with more of the same business stagnation, labor unrest, soaring prices, and shortages of

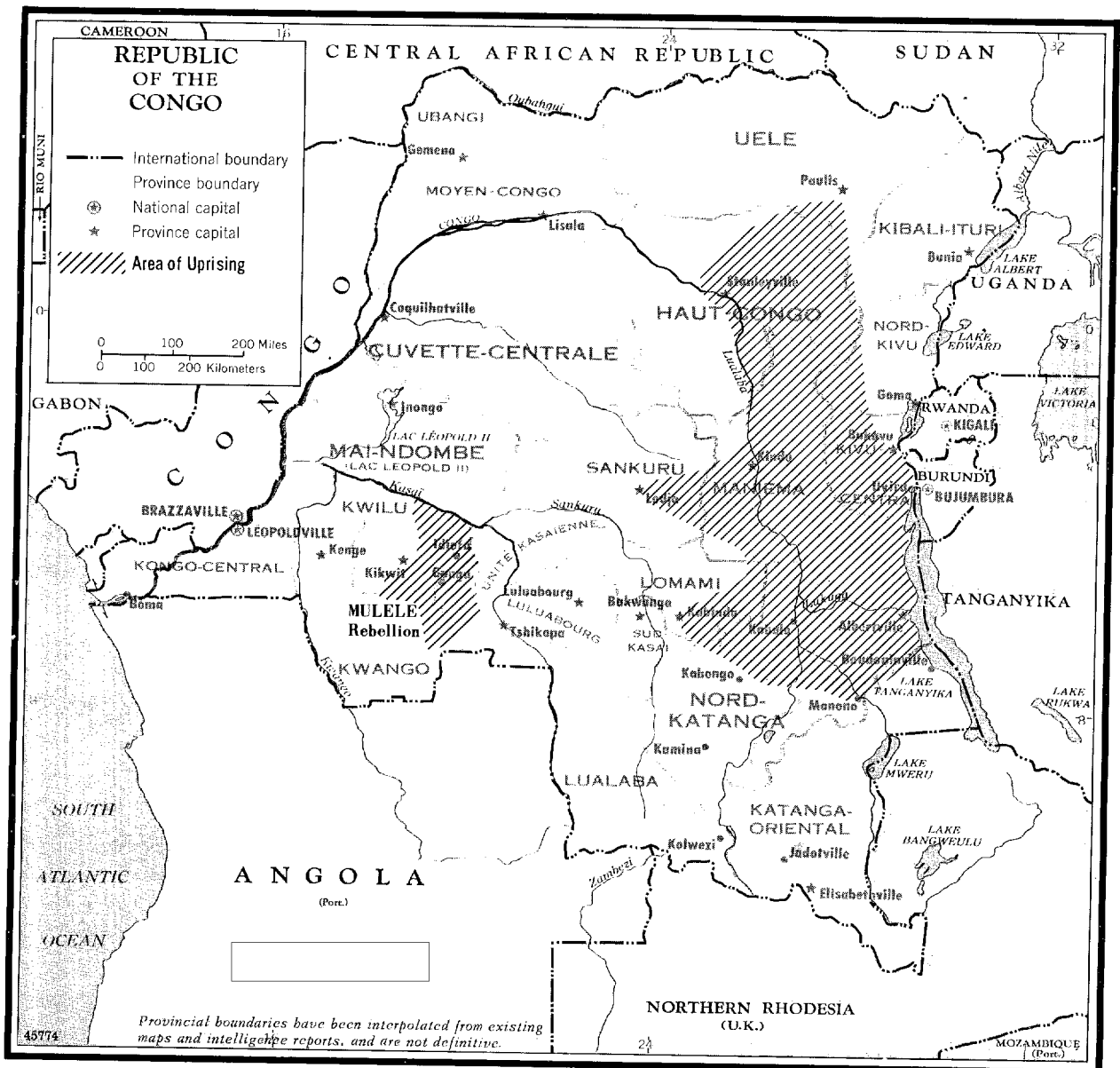
consumer goods that have brought the Bandaranaike government's popularity to a low ebb during the past year.

Carefully eyeing the economic and political storm clouds are some 20 disgruntled moderate members of parliament belonging to Mrs. Bandaranaike's own Sri Lanka Freedom Party. These moderates, whose defection could bring the government down, were strongly opposed to bringing Marxists into the cabinet, and had threatened to resign. For the present they appear content to watch and wait. Their leader --a senior cabinet minister-- reportedly intended to cross the aisle earlier but was dissuaded by his astrologer, who suggested waiting until the stars are more favorable. Others have expressed fear that their departure would merely turn the government completely over to the leftists.

A general election must be held before the end of 1965, and the government party's prospects presently seem bleak. Popular support for Mrs. Bandaranaike's government has never been very solid. Her party polled less than 34 percent of the votes in 1960--four percent less than the moderate United National Party (UNP)--but her electoral pacts with the LSSP and another of the island's Marxist parties enabled her to emerge with a parliamentary majority. Since that time she has lost ground steadily, however, while support appears to be building for the UNP.

25X1

SECRET



SECRET

Asia-Africa

CONGO REBELS CONTINUE TO MUSHROOM

The progressive deterioration of the government's position in the eastern Congo is generating defeatism in Leopoldville. However, Belgium apparently has decided to provide unofficially officers and non-coms to cadre the Congo's security forces.

Almost entirely unopposed by the Congo National Army, insurgents are advancing into several new areas. The capital of Uele Province, northeast of Stanleyville, is reported to be in dissident hands, and rebel bands are operating in Sankuru and Lomami provinces. Unconfirmed reports indicate that the capitals of both provinces have fallen.

Pessimism is growing in Leopoldville

In Katanga, government forces appear to be doing better than elsewhere. A group of

Congolese soldiers, Katangan police, and former gendarmes has retaken Baudouinville on the shores of Lake Tanganyika and is advancing northward. Another government force has captured Kabongo and is advancing northeast to Kabalo. The status of the tin-mining center of Manono is uncertain.

Belgium's willingness to take a more active hand in helping Premier Tshombé has been indicated by a top Belgian officer in the Congo, who told [redacted] that he had the tacit agreement of Foreign Minister Spaak to enlist informally 100 to 150 Belgian military personnel to lead the Katangan gendarme force. The officer said also that some Belgian officers were being sent to Congo Army units in Bukavu, which is still in government hands. Apparently those officers can engage in combat if necessary.

Despite Tshombé's public statements that he would not appeal to other African states for military assistance, he has requested troops from Nigeria. Lagos is willing to send a battalion, but only if it is able to obtain official blessing from the UN or the Organization of African Unity. [redacted]

DIA

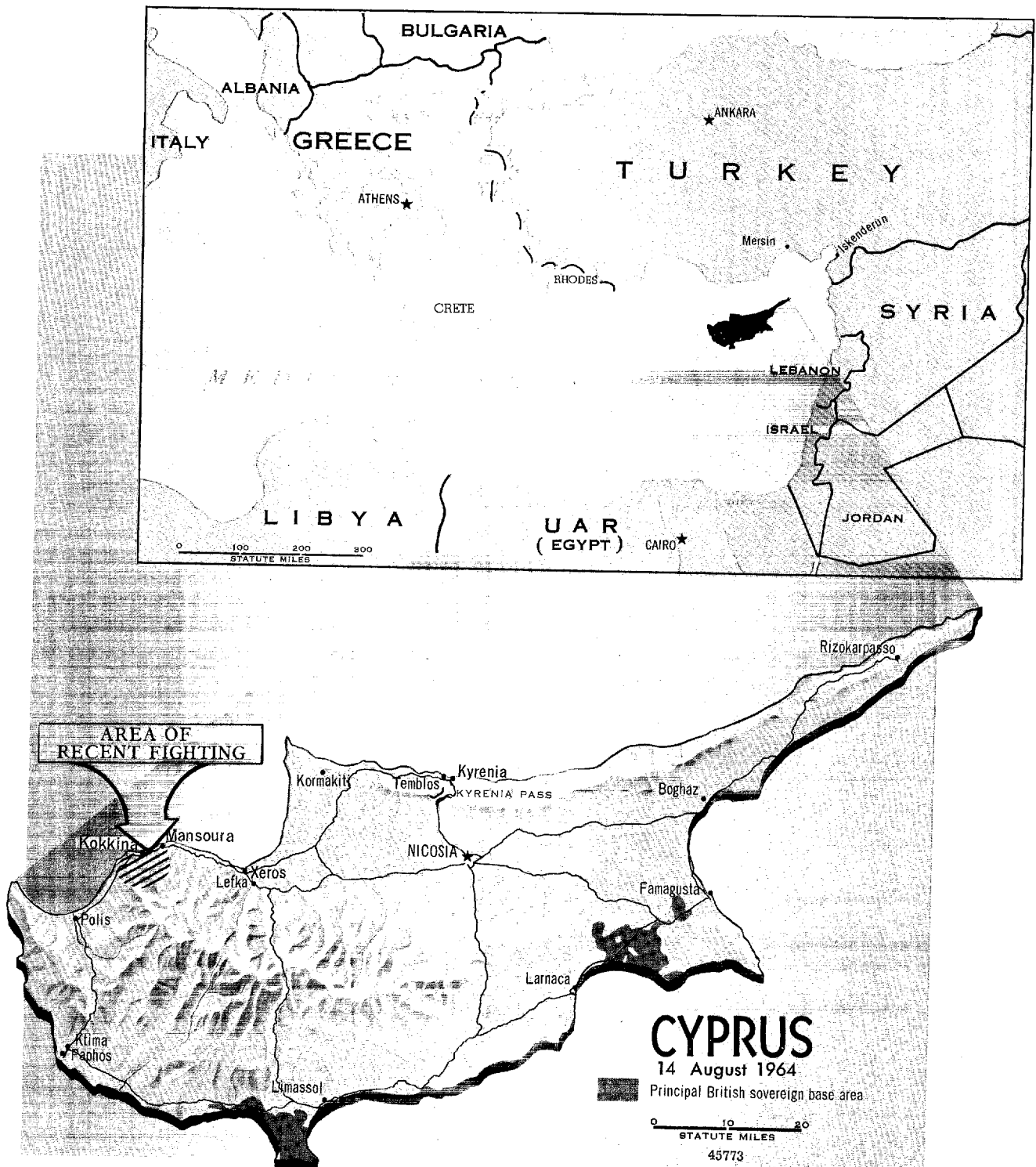
25X1

25X1

25X1

25X1

SECRET



SECRET

Asia-Africa

THE CYPRUS SITUATION

The uneasy cease-fire arranged between Ankara and Nicosia following the UN Security Council resolution of 9 August has continued to hold with sporadic violations. Both Greek and Turkish Cypriots are preparing new positions, however, and Turkey remains ready to intervene.

During the fighting the Greek Cypriots seriously reduced the major Turkish Cypriot position in the Kokkina-Mansoura area of northwestern Cyprus, although the Turks there probably can still receive supplies by sea.

Turkey called its retaliation--which was aimed mainly at Greek Cypriot patrol boats which had been shelling the Turkish Cypriots at Kokkina--a "limited police action," and has stated that the withdrawal of Greek Cypriot forces from the villages they captured during this week's attack is necessary for a "permanent" cease-fire. The Greek Cypriot foreign minister, however, has declared that the Greeks would not withdraw and are ready to "die to the last man."

Turkey remains in a high state of military and naval preparedness, and there is no indication that units in the Iskenderun area are returning to a pre-alert status.

[redacted] the Turkish forces would require 30 hours to put a first wave of about 5,000 invasion troops on the Cyprus beaches.

Turkish submarines are patrolling off the Cyprus coast.

The Greek armed forces were placed in a high alert after the heavy fighting of 7 August, but overt Greek reaction has so far been limited to "show of strength" flights of jet fighters over Cyprus.

25X1

Under considerable pressure at home and from Nicosia, the Greek Government has publicly pledged to support Cyprus against a new Turkish attack. However, Athens has become more disenchanted than ever with President Makarios, feeling that it has no effective control over him. An editorial in a government radiobroadcast of 11 August denounced the Cypriot leader for failing to notify Athens of his plans to attack this week.

25X1

Anxious to become more independent of Greek support, Makarios has appealed to the USSR, Egypt, Syria, Yugoslavia, and probably other countries for military aid. Thus far the responses have been limited to expressions of sympathy for the Cypriot people and the promise of some medical supplies.

25X1

25X1 DIA

SECRET

SECRET

Europe

BRITISH TRADE WITH THE BLOC

British exporters are as eager as ever for new markets in Communist countries. British firms, encouraged by the sympathetic attitude of the government toward the granting of export credits, are pushing their products throughout the bloc--including Cuba and Communist China. Lately, London has tended to look on Eastern Europe as a particularly promising area to sell British capital goods.

Edward du Cann, minister of state at the Board of Trade, recently completed a trip to Rumania, Hungary, Czechoslovakia, and Poland where he sought to boost British exports. His hopes for expanded trade with Eastern Europe give high priority to the export of British "know-how" and technologically advanced equipment.

In its eagerness to expand trade, Britain is willing to provide credits to Communist nations on longer terms than the five-year limit advocated by the US. London announced a year ago that it is ready to guarantee credits up to 15 years to any nation it considers commercially reliable, regardless of politics. Since then, the bloc frequently has nibbled at this offer, but only one agreement--with Czechoslovakia--has been concluded. The chief obstacle to closing other deals is bloc reluctance to pay the 6.5-percent interest rate demanded by the UK for long-term loans.

The British can be expected to continue exploring any and all

bilateral trade possibilities while trying to win international acceptance of their trade policies. They disagree that long-term credits are a form of economic aid, and oppose the denial of such credits for political reasons. They argue, on the contrary, that long-term credits are a legitimate way to develop new markets and that normal trade relations will contribute to a spirit of detente and even healthy interdependence among nations.

London has been quick to exploit alleged inconsistencies or ulterior commercial motives in US policies on sales to the bloc. The British insist, for example, that the only difference between Leyland buses for Cuba and Chrysler trucks for Indonesia is one of "whose vital interests are being gored." They also cite US interest in selling a nuclear reactor to Rumania--a sale the UK refused to discuss (because of the COCOM embargo on sale of strategic goods to the bloc) until they learned the US was negotiating such a sale. The episode probably will encourage London to renewed efforts to have all items it considers "no longer strategic" struck off the COCOM embargo lists.

Since these views are shared by both British political parties and supported by public opinion, there is no reason to believe they will change during or after the autumn election campaign. 25X1

SECRET

SECRET

Europe

CLANDESTINE EMIGRATION TROUBLES PORTUGUESE GOVERNMENT

A wave of clandestine Portuguese emigration to France is proving troublesome to the Lisbon government.

Since 1960 growing numbers of Portuguese workers have been attracted by higher wages abroad. Despite restrictions on emigration, an estimated 200,000 of them have slipped into France in the past two years. There has also been some small-scale emigration to other West European countries, notably to West Germany, which actively encourages the influx of the cheap Portuguese labor.

There are certain advantages that accrue to Portugal from this illegal emigration. The emigrants' remission of earnings helps relieve Lisbon's balance-of-payments problem and reduces the demands for government assistance to depressed areas. Emigration also reduces the excess of unskilled farm labor.

Lisbon, however, is becoming disturbed about the disadvantages. Not the least of these is exposure of large num-

bers of Portuguese to higher living standards, to free labor unions, and to democratic society. Lisbon fears that returning emigrants, once exposed to life outside Portugal, will be susceptible to the blandishments of Communists and other antiregime elements. A further concern is a developing scarcity of industrial workers at home which could become a serious drag on the Portuguese economy.

Since it cannot enforce its curbs on emigration, the Portuguese Government is trying to cope with the problem by working out emigration treaties with several European countries. These treaties amount to contract labor agreements.

So far, however, Lisbon has made little use of these treaties. Only a handful of 30,000 workers earmarked by treaty for Germany have been permitted to leave Portugal. The Portuguese Emigration Board announced last month that in 1964 only 3,550 workers will be processed for jobs in France, Germany, Switzerland, and Luxembourg.

25X1

AREA NOTE

Italy: It appears unlikely that President Segni, stricken with a cerebral stroke, will be able to resume his official duties. Italy's constitution requires that, to replace a president who dies, resigns, or is permanently disabled, an election must be held within 15 days by both houses of Parliament.

It makes no provision, however, for deciding when an incumbent is permanently disabled. Senate President Merzagora, who became acting President on 1 August, apparently plans to appoint a medical commission for this purpose if it becomes necessary. He nevertheless will probably serve in his present capacity at least

SECRET

SECRET

Europe

through August and possibly for a considerably longer period.

Merzagora's incumbency could prove very harmful to Premier Moro's new center-left government. Merzagora, who shares the views of the right wing of their Christian Democratic Party, fought against the formation of Moro's government and is opposed to its program of essential social and economic reforms.

Moreover, the process of selecting a new president would be marked by an intensification of already severe Christian Demo-

cratic factional infighting. The party has no one of presidential caliber who could both unite the Christian Democrats behind him and gain the support of the other center-left parties. Many of the party's majority center faction could be expected to join the right wing in working for election of a president unsympathetic to a center-left government. The election would also provide other anticenter-left forces--the Communists and the opposition parties on the right--with opportunities to create and exploit frictions among the coalition parties.

25X1

Western Hemisphere

25X1

SECRET

SECRET

Western Hemisphere

PROSPECTS FOR NEW ANTI-JAGAN PARTY IN BRITISH GUIANA

The formation last week of a new opposition political party, the Justice Party, adds a new dimension to the political situation in British Guiana as the colony moves toward an election scheduled this fall. The party was organized by an East Indian member of the legislature, Balram Singh Rai, who was a minister in Cheddi Jagan's government until he was expelled from the ruling People's Progressive Party (PPP) in 1962.

Although Rai is late in making his bid, he is hopeful of attracting the support of a significant portion of the East Indian community, which has recently shown signs of growing disenchantment with Jagan. Much, however, depends on the vigor of Rai's campaign, the caliber of his candidates, and the extent to which the PPP resorts to intimidation to prevent defections from its own ranks.

Rai has indicated that he is pleased with the initial public reaction to his party as well as by expressions of support from anti-Jagan East Indians, including some within the PPP. A majority of the leaders of the Guyana All-Indian League--an anti-Jagan cultural group--is expected to come out for the Justice Party. The group's leader, Dr. Balwant Singh, a man of considerable local stature, may become one of the party's prime candidates.

The leader of the small Guiana United Muslim Party--another new antiregime organization--has declined an invitation to merge with the Justice Party because he considers it to be dominated by Hindus. He has welcomed Rai's move, however, and has offered his cooperation.

The leader of the most influential Hindu organization, hitherto closely identified with the PPP, has also said he will try to prevail on his followers to back Rai.

The degree to which Jagan's grip on the East Indians may have been loosened in recent weeks, however, is difficult to gauge with accuracy. The current lull in racial violence may cause past apprehensions about his pro-Communist policies and administrative incompetence to re-emerge. Also, a growing split between Indians and Negroes within the PPP is a bad augury for Jagan. On the other hand, developments such as renewed communal strife or an all-out effort by the PPP to bring waverers back into line might quickly stem the growth of anti-Jagan sentiment in the East Indian community.

The effect of proportional representation on the outcome of the elections is also uncertain. Under the present ground rules, voters will cast ballots for colony-wide party lists. This will permit small parties to win

SECRET

25X1

Approved For Release 2008/08/11 : CIA-RDP79-00927A004500120001-1

Page Denied

Approved For Release 2008/08/11 : CIA-RDP79-00927A004500120001-1

SECRET

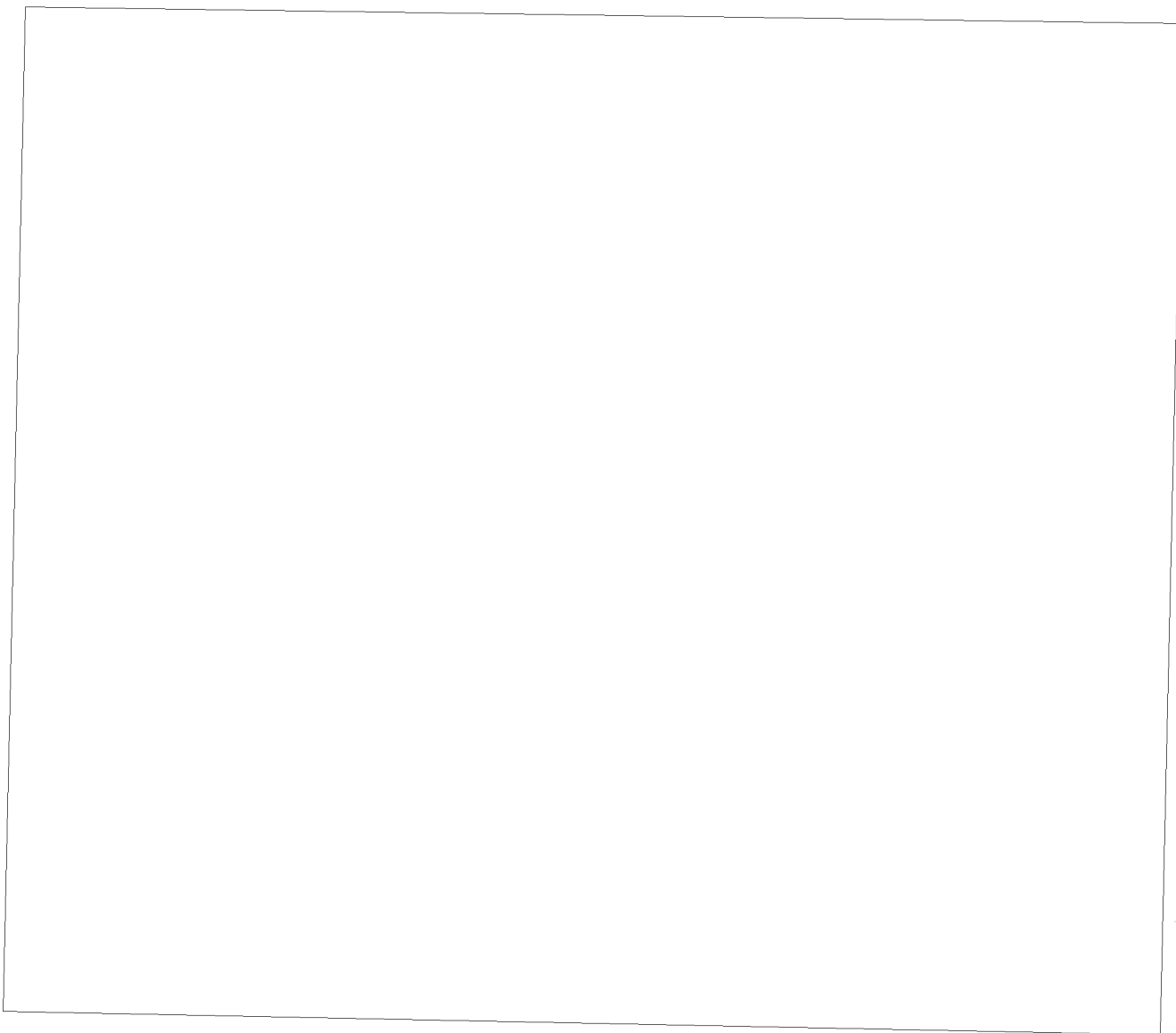
Western Hemisphere

a seat in the 53-member legislature if they can poll as few as 4,500 votes. As a consequence there may be a further proliferation of minor parties.

The leader of the largest trade union is thinking of forming one soon. Whether such proliferation will help or hurt Jagan remains to be seen.

25X1

25X1



SECRET

14 Aug 64

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 19

SECRET

Western Hemisphere

SLIGHT RELAXATION OF POLICE STATE CONTROLS IN PARAGUAY

There have been a few more indications recently that President Alfredo Stroessner's regime in Paraguay may be moving tentatively toward some relaxation of its dictatorial controls.

In retrospect, the shift seems to have started last year with the partial lifting of the state of siege and, for the first time in a number of years, the appearance of a functioning, if token, opposition in the national congress. Additional signs of a liberalization came this June when measures sponsored by the opposition Liberals to regulate the state of siege were admitted in Congress and sent to committee. The committee report, due in August, may herald further significant steps toward a less authoritarian atmosphere.

In July, the regime allowed the only legal opposition party--the Revolutionary Directorate of the Liberal Party--to hold a rally commemorating the founding of its parent Liberal Party. This was the first time such an observance had been held openly since 1940. The same month, a leading newspaper in the capital, without repressive reaction from the regime, published a call for better access to information concerning problems of national interest.

Recognition of a second legal opposition political party--the Febrerista Revolutionary Party (PRF)--was announced on 12 August.

The police--whose methods traditionally have been callous --may be showing a little more regard for the rights of individuals. 25X1

In addition the regime has apparently lessened discriminatory business practices aimed at anyone outside the ruling Colorado Party 25X1

President Stroessner's position is that he is seeking order and stability, and that once these are achieved, less restrictive methods will be needed. Behind the moves may be the desire to improve the regime's generally unsavory reputation in order to attract foreign investment and tourists. Stroessner, however, may be even more impressed by the diminishing threat of exile attack and the friendlier attitudes of Brazil and Argentina. Increasing prosperity may also be a factor.

Although these straws in the wind indicate a definite though slight shift from tight-fisted control, the regime is not likely to alter the status quo in any fundamental way. Nevertheless as stability and prosperity increase, as appears likely, further hesitant steps away from police state tactics may occur. 25X1

SECRET

Page Denied